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Ulrich Walwei and Heinz Werner\*

# Europeanizing the Labour Market: Employee Mobility and Company Recruiting Methods

*With the completion of the single European market steps are to be made towards eliminating remaining impediments to the free movement of labour between Community countries such as an inadequate flow of information or the non-recognition of educational or training qualifications. How do companies respond to the extension of national labour markets by a European component?*

In 1990, 134 million people were gainfully employed in the 12 member states of the European Community, 51 million of whom were women. Table 1 illustrates the distribution of this workforce among the different countries. Employment has increased continuously in recent years, though the upward path is now flattening out because of the less favourable economic climate. Between 1985 and 1990, the net increase was 9 million. That increase was unevenly spread among the countries concerned, with the United Kingdom, Portugal, Spain and the Netherlands showing particularly pronounced employment growth. The main beneficiaries of the favourable trend were young people seeking to enter the labour market for the first time and women, whose employment growth around the EC was twice as fast as it was for men. However, a large proportion (approximately one quarter) of the jobs taken up by women were part-time only. Only 30% of the employment increase benefited people who had previously been unemployed.<sup>1</sup>

Most of the new jobs created between 1985 and 1990 were in the services sector. However, some care is needed in interpreting this statistic as there is an increasing tendency for industrial companies to farm out internal tasks of a service nature to outside organizations.

Another characteristic phenomenon in the employment trends of the past three decades has been a lowering of what is known as the employment threshold. This is the level of economic growth at which employment begins to rise. That threshold level fell from 4% per annum in the 1960-1973 period to less than 2% in the 1980s.<sup>2</sup> The increased employment-relevance of economic growth can

be attributed to a number of interrelated factors such as the growing significance of more employment-intensive services, the shortening of average working hours per employee (including some increase in the amount of part-time employment), and a slower rate of substitution of capital for labour.<sup>3</sup> The latter development is partly accounted for by the more moderate wage settlements made during the 1980s.

## Future Labour Market Prospects

The forecasts available show only a moderate increase in the potential labour force for the EC as a whole. The increase between 1990 and 2000 (excluding inward migration) will be only approximately 3%.<sup>4</sup> There are of course considerable differences from country to country beneath this Community-wide picture: the highest rates of growth are forecast in Ireland (22%) and Spain (13%), whereas the potential workforce will be little changed in the United Kingdom and Denmark, and will actually decline in Germany. The chief reason for the latter trend will be the reduction in employment in east Germany.

<sup>1</sup> This phenomenon by which unemployment does not decline to the same extent as employment increases is attributable to what are termed "hidden" manpower resources. These are people not looking for work in a particular phase of the economic cycle because they do not expect to find it in any case. However, an improvement in the economic climate can soon bring these "hidden" members of the workforce back on to the market. A large proportion of this "reserve army" is made up of women.

<sup>2</sup> Commission of the European Communities: Europäische Wirtschaft, Supplement A, No. 10, Oct. 1991, p. 4. On the Federal Republic of Germany, see the discussion in Wolfgang Klaunder: Zur Entwicklung von Produktivität und Beschäftigungsschwelle, in: Mitteilungen aus der Arbeitsmarkt- und Berufsforschung, 1990, No. 1, pp. 86 ff.

<sup>3</sup> Commission of the European Communities: Europäische Wirtschaft Supplement A, No. 10, Oct. 1991, p. 4.

<sup>4</sup> Cf. Prognos AG: Prognos World Reports, Volume on Industrial Countries 1992, Basle, December 1991.

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The projections for the size of the potential workforce are made on the basis of demographic trends, without immigration or emigration, coupled with the expected labour force participation rates (the proportion of each particular age-group which is gainfully employed or registered unemployed); this accounts for the supply side of the labour market. But what will be the future trend in the demand for labour? The future estimates available today suggest that the demand for labour in the EC countries will rise more quickly than the number of people looking for employment.<sup>5</sup> Among the influential factors in this are the declining number of young people entering the labour market for the first time, the lowering of the employment threshold, and the overall economic prospects for the 1990s which are generally considered to be somewhat better in the second half of the decade. With labour market demand increasing faster than supply, the rate of unemployment is consequently expected to decline. By the year 2000, the rate of unemployment in the EC which currently stands at 9% may – under favourable conditions – come down to 5-6%. Unemployment, then, may well be reduced but will not by any means be eliminated. Moreover, the fall in unemployment will not be evenly distributed among the member countries: while a reduction is expected in the majority of countries, unemployment is expected to increase in Ireland and, though to a lesser extent, in France.

Practically all forecasts of the demand for labour in the 1990s and beyond emphasize continuing growth in the requirement for scientists, engineers, technicians and highly qualified employees.<sup>6</sup> As such, they also confirm the results obtained if recent employment trends are extrapolated into the future. As the product cycle has progressed, the nature of the demand for labour has changed in the countries of Western Europe. There is now less call for manual labour at a relatively low skill level. On the other hand, types of work based on deeper knowledge (i. e. human-capital-intensive activities) and on high levels of skill have been expanding.

The importance of employees' levels of qualification for their employment chances will continue to increase in future. The principle applies to both basic and further education achievements. This greater significance attached to qualification is the product of increasing automation and specialization. As international

competitive pressure intensifies, companies are increasingly dependent upon the qualification of their workforces in order to realize productivity gains. It is again the crucial factor contributing to innovation, which can make a key contribution to increasing sales and improving efficiency. Those wishing to invest in the EC's less developed member countries also have to be able to rely on qualified specialized staff. Even today, there are a number of countries where qualified employees are in short supply in certain regions or sectors of the economy. Increased qualification requirements as European competition grows and an ageing potential labour force due to smaller numbers in younger age cohorts will intensify the Community-wide competition for scarce qualified personnel.

Such competition is encouraged all the more by the fact that labour has long now been able to move freely from one country to another within the EC, with citizens of other EC states entitled to work under the same conditions as domestic employees. With the completion of the single European market, further moves are to be made towards eliminating remaining impediments such as an inadequate flow of information or the non-recognition of educational or training qualifications. The intention is to further facilitate labour mobility within the Community. In effect, then, each country's labour market is extended by a further, European component. How do companies respond to this development?

Knowledge is still rather limited today on the number of employees coming from other EC countries (referred to here as "EC employees"), the recruiting methods used by companies, the difficulties they see in selecting and

**Table 1**  
**Persons Gainfully Employed in the EC,**  
**1980 and 1990<sup>1</sup>**  
(in 1000)

	1980	1990
Belgium	3,700	3,764
Denmark	2,489	2,691
France	21,902	22,283
Germany (West)	27,059	28,444
Greece	3,541	3,856
Ireland	1,156	1,126
Italy	20,869	21,672
Luxembourg	158	190
Netherlands	5,077	6,356
Portugal	4,007	4,536
Spain	12,002	12,890
United Kingdom	25,327	26,490
EC "12"	127,287	134,298

<sup>1</sup> 1989 in the case of Greece.

Source: Eurostat.

<sup>5</sup> Industrial Research and Development Advisory Committee of the Commission of the European Communities (IRDAC): *Qualifikationsdefizite in Europa*, Brussels 1991, p. 37; Prognos AG: *Die Arbeitsmärkte im EG-Binnenmarkt bis zum Jahr 2000*, Beiträge zur Arbeitsmarkt- und Berufsforschung, No. 138.1, Nuremberg 1990, pp. 411 ff.

<sup>6</sup> Cf. Commission of the European Communities: *Employment Report 1991*, p. 131; Prognos AG: *Die Arbeitsmärkte ...*, op. cit.; IRDAC, op. cit.

grading EC employees, and what additional information they might like to have on foreign educational and training certificates.

In order to find out more about such aspects, standardized interviews were conducted with experts from selected companies and associations in five countries (France, Germany, Italy, Spain and the United Kingdom) who have particular experience with the employment of other EC nationals because of the nature of their business or because of their multinational activities.<sup>7</sup>

The results of the German portion of that survey (not including former East Germany) will be presented below, and a comparison drawn with the situation in the other four EC countries participating in the survey.

### Survey Findings

Twelve interviews were conducted in all during the German part of the survey, between mid-August and the end of October 1991. The interviewees were representatives (in general personnel managers) of nine companies, two business associations and one trade union. In all of these face-to-face interviews, a uniform predetermined pattern was adhered to. Also, four particular sectors were focussed upon in each of the survey countries, namely electrical engineering and electronics, vehicle manufacturing, banking, and tourism including hotels and the catering trade.

*Motives for employing other EC nationals:* The German companies and associations surveyed cited a number of different reasons for recruiting EC employees:

- In view of the increasing internationalization of the business world, companies see it as in their own best interests to buy in awareness of other countries' cultures by recruiting EC employees. This additional know-how allows companies to adapt more effectively to the market requirements in the other countries concerned.
- EC employees are taken on for the specific qualifications they have to offer, whether as a result of their specialist knowledge or of the languages they speak. The companies regard the recruitment of EC employees as an opportunity to expand the range of qualifications available within their workforces.
- Because of the increasing shortages of skilled or specialized employees, companies have an ever-increasing interest in tapping neighbouring labour markets.
- Cross-border mobility is regarded more and more as a means of gaining knowledge and experience, and as part of developing a person's career.

Among the other countries in which the survey was conducted (France, Italy, Spain, and the UK), only France and the United Kingdom employ other EC nationals to any substantial extent. In Italy and Spain, it was difficult even to locate companies with anything worthwhile to say on the topics concerned. In France and Britain, too, it was only the large companies which had already internationalized their management and specialist personnel to some extent. When compared with the responses given by German companies, though, this does not appear to have resulted so much from any deliberate multinational orientation in their personnel strategies. British and French companies, particularly those which are well known and have a good corporate image, stated that they generally receive a sufficient number of applicants from other EC countries. One exception to the lack of any particular strategy is the hotel trade, which has traditionally always taken on foreign employees and in which a period spent abroad forms an integral part of the occupational training of personnel such as hotel managers or *chefs de cuisine*.

*Qualification structures:* The structure of qualification levels among the EC employees recruited was found to differ greatly from one sector to another from the

**Hans W. Micklitz (ed.)  
Post Market Control of Consumer Goods**

The Community has defined the objective of achieving the Internal Market by 1992. Efforts to open up markets by harmonizing divergent technical standards and regulations have involved the Community in product safety matters. This is now manifested in the Draft Directive concerning general product safety. The present study on post market control, conducted on behalf of the European Commission, looks at two ways in which the „Europeanization“ of the rules governing this area might take place. First, the post market control systems in selected Member States, in Australia, Sweden, and the United States are analyzed, so that the consequences and perspectives for the establishment of a European post market control system may be examined. Secondly, the findings of the comparative analysis of post market control in the Member States and non-EEC countries are contrasted not only against the mechanisms proposed for the harmonization of the Member States' legislation but also against the mechanism proposed to monitor product safety on a European level in emergency situations.

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<sup>7</sup> The survey was conducted on behalf of the Commission of the European Communities. The findings are intended to act as a decision-making basis for the Commission in any further action it may take to ease labour mobility. The German portion of the survey was conducted by the two present authors.

responses given by German companies. In manufacturing industries (electrical engineering, vehicle manufacture) the qualification profile tended to be polarized, with expert engineers on the one hand and a relatively large number of unskilled or semi-skilled workers on the other, whereas in the banking sector the predominant areas to which people are recruited were shown to be top or middle management and qualified office positions. In the tourism sector (particularly the hotel and catering trade) specialists and auxiliary personnel both play equally important parts.

Similar patterns to those found in the Federal Republic of Germany were also presented by respondents from the other four EC countries surveyed. Repeated references were made to the polarization between lesser and highly qualified EC employees.

*Mobility expectations:* The companies interviewed are generally agreed that mobility cannot be expected to increase substantially in the EC countries, in spite of the dynamic integration process taking place. At best, they believe more highly qualified personnel may move more freely across national borders. The reason given by many companies (in manufacturing industry and banking) is that they actively recruit foreign university graduates. It was also pointed out that young people in this category are increasingly willing to be more mobile. As far as skilled workers and auxiliary staff are concerned, only the hotel and catering trade envisaged some capacity for intra-community migration. The reason given was the success of recruitment campaigns in some EC countries (Ireland is an example). In Spain and Portugal in particular, respondents believe that there is more potential to be exploited.

Corporate respondents in the other countries also did not expect any across-the-board increase in recruitment of EC employees. What they do rather tend to expect, though, is a structural shift towards a greater proportion of qualified specialist and management personnel (engineers, technicians, managers, business administration experts, or lawyers). The traditionally high proportion of foreign employees in the hotel and catering trade is expected to remain in future.

*Impediments to mobility:* According to the information supplied by corporate respondents, the following should be considered to be the main factors impairing mobility:

- The availability of accommodation at affordable prices, particularly in large conurbations.
- Language problems: These invariably play their part in international mobility. Most of the companies surveyed provide language courses for their staff at the employer's expense.

- Family situation: This may involve aspects such as a partner's wish to continue with his/her own work, or the availability of adequate childcare facilities or schools.

- Recognition of training certificates: Manufacturing companies, in particular, admitted to having difficulty in assessing foreign qualifications (especially those of people at the start of their careers).

Other factors also regarded as playing some part in impairing mobility, though considered of rather lesser importance were:

- Socio-cultural conditions: These entail the uncertainties felt in a strange country, and the opportunities available to integrate socially.

- Labour and social welfare regulations: The main issue here is that pension and social insurance rights accumulated under one country's system can so far only be transferred to another's to a limited extent.

- Inadequate flow of labour market information: Companies are not always able to reach their potential applicants.

In the other four EC countries, language problems were regarded as the most important impediment to mobility, with socio-cultural conditions next in line. These, it was said, call for a considerable effort of adjustment which frequently gives rise to a great deal of insecurity, given that little information is generally available regarding a person's working environment in its broadest sense, including availability of accommodation, tenancy law, insurance, the school system, rights and obligations under labour law, and so on. Other candidates cite their family situations as a problem (e. g. partner's wish to find or maintain suitable employment, the need to find a suitable school for the children). Recognition of qualifications is chiefly a problem for those at the beginning of their careers. The British report emphasizes that judging the value of such educational and training certificates is especially difficult in the medium qualification levels, with university degrees being somewhat easier to classify.

*Means of recruitment:* The most important ways in which citizens of other EC countries are recruited are, on the one hand, via applications submitted on the candidate's own initiative and, on the other, by making use of the range of contacts developed by companies such as relationships with educational institutions, subsidiaries or branch offices, partnerships or business links with foreign companies, or recommendations from within the existing workforce. A lesser part in the recruitment process is played by advertising vacancies in newspapers, and the use of the public employment services or private

## EUROPEAN COMMUNITY

personnel agencies. The only field in which a slightly different pattern emerges is that of hotels and catering, which successfully carried out a policy of recruitment from other EC countries using the public employment services.

Large manufacturing companies and financial institutions have now adopted the approach of recruiting foreign university graduates directly. These companies' personnel departments maintain a variety of contacts with

foreign educational institutions. Personnel managers participate in job fairs in other EC countries, keep up a dialogue with professors in reputed universities and colleges, sponsor Europe-wide research projects and scholarships, offer positions for students' practical periods, invite university groups to tours of their premises, and provide support to student initiatives aimed at developing contacts abroad. Such measures all form part of a deliberately targeted national and international

**Table 2**  
**Number of Foreign Residents and Foreign Employees in EC Countries**  
(in 1000)

		Belgium	Denmark	Fed. Rep. of Germany	Greece	Spain	France	Ireland	Italy	Luxem- bourg	Nether- lands	Portugal	United Kingdom
Total foreign resi- dent population	1975		94	4,090		165	3,442						
	1980	879 <sup>a</sup>	100	4,453	70	183			211 <sup>a</sup>	96 <sup>a</sup>	473	109 <sup>a</sup>	1,682 <sup>a</sup>
	1985	898	108	4,379	98	242	4,061	79		99	559	80	1,700
	1986		117	4,513	106	293				98	553	87	1,736
	1987			4,241	121	335					568	90	
	1988	859	136	4,489	155			84	407 <sup>c</sup>		592	94	
1989	869	142	4,846	173	398		79	434 <sup>d</sup>	106 <sup>e</sup>	624	101	1,852 <sup>f</sup>	
of which: EC nationals	1975			1,616		93	1,860						
	1980	598 <sup>a</sup>	25	1,503	19	108			79 <sup>a</sup>	89 <sup>a</sup>	168		712 <sup>a</sup>
	1985	584	26	1,357	30	142	1,566	65		93	173	21	729
	1986		27	1,365	34	170				91	162	23	754
	1987			1,240	38	193					160	24	
	1988	537	27	1,276	46			66	90		157	25	
1989	537	27	1,325	50	231		62	100		160	27	828 <sup>f</sup>	
of which: non-EC nationals	1975			2,474		72	1,582						
	1980	281 <sup>a</sup>	75	2,950	52	75			132 <sup>a</sup>		306		971 <sup>a</sup>
	1985	314	82	3,022	68	98	2,495	14		6	386	59	971
	1986		91	3,148	74	122				7	391	64	982
	1987			3,000	83	140					408	66	
	1988	322	109	3,213	109			17	206		435	69	
1989	332	115	3,520	123	166		17	236		464	74	1,025 <sup>f</sup>	
Total foreign employees	1975	230	41	2,091			1,900	13	10	49	113		791
	1980	213	39 <sup>a</sup>	2,041	25	59	1,208 <sup>a</sup>				190	26 <sup>a</sup>	833 <sup>a</sup>
	1985	187	39	1,555	24		1,260	20	57 <sup>b</sup>	53	166	31	821
	1986		43	1,547	24		1,173	21		55	169		
	1987	177	46	1,557	25		1,131	20		59	176	33	
	1988	179	47	1,577	24		1,160	22		64	176	35	982
	1989	196	47	1,646	22	50	1,203	20		71	192		1,197 <sup>g</sup>
	1990		47	1,740	23	63		21		78	200		1,079 <sup>g</sup>
	of which: EC nationals	1975	174	14	849			1,045			46	59	
1980		159	11 <sup>b</sup>	732	5	31	653 <sup>a</sup>				84		406 <sup>a</sup>
1985		141	12	520	6	28 <sup>b</sup>	640	17	14 <sup>b</sup>	50	76	7	398
1986			12	498	7		590	16		52	88		
1987		130	13	484	7		569	16		56	83	8	
1988		131	13	473	6		568	18		61	85	10	410
1989		141	13	483	7	24	579	16		67	86		451 <sup>g</sup>
1990			13	493	9	30		16		74	93		419 <sup>g</sup>
of which: non-EC nationals		1975	56	27	1,242			855			3	55	
	1980	55	28 <sup>a</sup>	1,309	19	28	555 <sup>a</sup>				106		427 <sup>a</sup>
	1985	46	28	1,036	18	29 <sup>b</sup>	620	4	43 <sup>b</sup>	3	90	24	423
	1986		30	1,048	18		583	4		3	92		
	1987	47	32	1,074	18		562	4		3	95	26	
	1988	49	35	1,104	17		593	4		3	93	26	572
	1989	56	34	1,163	15	26	624	4		4	103		746 <sup>g</sup>
	1990		34	1,247	14	33		5		4	106		660 <sup>g</sup>

<sup>a</sup> 1981; <sup>b</sup> 1983; <sup>c</sup> Includes 111,167 persons of unknown nationality; <sup>d</sup> Includes 97,911 persons of unknown nationality; <sup>e</sup> 1990; <sup>f</sup> Average for 1986-1988; <sup>g</sup> Includes self-employed.

Source: Statistical Office of the European Communities: Employment and Unemployment, various years.

personnel marketing policy and also serve to develop corporate image. The general aim is to broaden a company's recruitment opportunities.

In the other four countries surveyed, too, the main recruitment paths consisted of applications on the candidate's initiative, intra-company or inter-branch relations, business contacts, and recommendations from existing employees. The banking sector in the United Kingdom is a slight exception to the general rule in that it also recruits graduates directly from well-known universities and business schools in other EC countries. Recruitment drives or indeed deliberate strategies for recruiting EC employees are still relatively rare. The only instances in which these have been developed, if at all, are among large financial institutions or electronics companies. Such campaigns are aimed at highly qualified individuals, particularly engineers or business school and university graduates.

*Selection criteria:* Crucial selection criteria for first-time employees are the formal qualifications they have obtained, whereas for those with occupational experience they tend to consist of the duration, nature, level and applicability of their previous experience. In executive positions, and also in those intended to groom tomorrow's generation of top managers, personality and overall bearing are naturally also important considerations. New employees from other countries need to be able to get on well with their future colleagues to ensure proper teamwork on the job. Foreign applicants are normally

expected to have a rudimentary knowledge of German (language tuition is provided where necessary).

The prime source of information on an applicant's level of qualification are educational and/or training certificates and references from previous employers. However, because of the difficulty in assessing and comparing the quality of a foreign qualification, and because references may not be available – at least in the desired form – companies tend to resort to their various foreign contacts such as branch offices or educational bodies. They also seek advice from their existing foreign employees and will have learned from past recruiting efforts in the countries concerned. Interviewing applicants in the specialist departments in which they would be expected to work also aids the final selection process. The only industry in which the awareness of applicants' qualities is relatively clear from the outset is the hotel and catering trade. Establishments are categorized on an internationally comparable basis, and that aids the assessment of an applicant's true level of ability.

The tourist industry responded in the positive when asked if the information available was adequate for assessing EC employees' abilities. In the banking sector, rather contradictory responses were obtained, while manufacturing industry (electrical engineering, vehicle manufacture) complained that the information was insufficient. Examinations and diplomas, they said, were not compatible, with no real equivalent in other countries to the German system of training. By German standards, the

Winfried Schmähl (Ed.)

## The Future of Basic and Supplementary Pension Schemes in the European Community – 1992 and beyond

Concerning the future of old-age protection in Western Europe, basic statutory pension schemes are in the centre of most debates today. This volume focuses on the various types of supplementary pension schemes, especially occupational pensions, in the European Community. Two complex issues are discussed. What will be the role of supplementary pension schemes in the face of structural changes in demography, economy and society? Will e.g. tendencies to reduce replacement rates in statutory pension schemes increase the importance of occupational provision? Considering the completion of the Single European Market and the international mobility of labour, the question arises whether certain structural elements of supplementary schemes may impede the freedom of movement of workers. Does this field require harmonization or coordination at the Community level? Which ways could be taken without impeding the development of national supplementary schemes? Which influence has taxation of contributions, benefits and pension plan assets? These are some of the questions discussed in the contributions of scientists as well as experts from ministries, associations, industry and consultancies.

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evidence provided of earlier occupational experience was also found to be rather sparse. Vacancies for positions demanding higher levels of qualification (especially in engineering) are, if foreign candidates are taken on, occasionally filled on somewhat of a trial-and-error basis.

These findings have a good deal in common with those reported from the other countries surveyed. However, the general impression gained is that personal contacts and informal relationships play a slightly more important part there.

**Effects So Far of the Freedom of Movement**

The free movement of labour among EC member states, allowing citizens to seek and carry out work under the same conditions as in their home countries, has existed for the original "Six" (i. e. France, Italy, West Germany, Belgium, the Netherlands, Luxembourg) since 1968. It also now applies to the present "Twelve", and must be regarded as one of the essential achievements of European integration.

When the idea of granting such freedom of movement for labour was originally discussed during the 1960s, fears were expressed that the market would be deluged with Italian workers. Yet this did not happen, and nor did the accession of the United Kingdom, Ireland and Denmark in 1973, nor again the granting of complete freedom of employment to Greek citizens in 1987, trigger off any waves of migration. The picture should not be expected to be any different now that Spain and Portugal are to be granted the same freedom for their citizens.

Trends in the proportion of the population and the number of employees from abroad are shown for the EC member states in Table 2. It will be seen that employment

of other EC nationals has generally remained at similar levels or indeed declined in recent years.

Table 3 gives a breakdown of EC employees in the Federal Republic of Germany. It shows a decline in the number of EC employees followed by a slight increase in the recent past which can be assumed to be attributable to Germany's more favourable economic climate at the beginning of the nineties. However, there is one clear exception to the overall pattern, namely the continual increase in the recruitment of EC employees with university degrees or polytechnic diplomas.

How can the general picture be explained? The migration of labour has a pronounced dependence on differences in the level of economic development and hence also in earning potential. There has at least been some degree of convergence in living standards over the course of time. One particular reason for the improvement or levelling of the standard of economic development has been the intensification of trading relations among the EC nations. In addition, the EC Commission has endeavoured to aid the weaker regions by financial redistribution measures such as the Regional and Social Funds. The fact that earnings opportunities have improved in all EC countries has diminished one essential incentive to migrate. Now the single market programme is generating still more trade and hence also greater material prosperity. In the past, more trade has not led to more labour migration.<sup>8</sup>

**Outlook**

Given the labour market trends which have been described above and the prospect of greater competition to recruit specialist and management personnel, what movements of labour within the EC might be expected in the period ahead?

A comparison of the prospective supply of labour with prospective demand does not imply any additional or substantial potential for migration.<sup>9</sup> The global labour market trends for the future are similar in almost all member countries, with the exception of Ireland. Although the EC Commission's proposals for improving the free flow of labour<sup>10</sup> are an important step towards realizing a

**Table 3**  
**Foreign Employees in the Federal Republic of Germany by Occupational Qualifications, 1977-1990**

(Indices: 1980 = 100)

Level of qualification	Number of foreign employees					
	Total			EC nationals		
	1977	1987	1990	1977	1987	1990
Trainees/apprentices	87	157	231	92	82	95
Low qualification	96	74	82	103	62	63
Medium qualification	93	87	96	94	78	80
Polytechnic/university pass	86	98	110	84	96	106
Total	95	80	89	100	67	69
Absolute figures ('000s)	1889	1589	1782	730	492	503

Source: Employment statistics of the Federal Employment Services and own calculations.

<sup>8</sup> Moreover, certain elements of the overall economic situation have changed, for peripheral countries in the EC (particularly the Mediterranean countries) which used to provide a reservoir of labour for the industrialized countries in the Community have themselves now begun to draw in foreign labour from outside the EC in the course of their own industrialization processes. Italy, for example, is estimated to have 1-1.5 million non-EC residents, most of whom arrived illegally.

<sup>9</sup> See footnote 5.

<sup>10</sup> E.g. the mutual recognition of educational and training certificates, cooperation and exchange programmes in the educational field.



European common market as far as personnel is concerned, they will not decisively influence general behaviour with regard to mobility. They will, however, ease the situation substantially in individual cases.

The economic differences between EC countries are no longer sufficient to give rise to migration on a massive scale. The free movement of labour and increasing European integration have not generated such phenomena in the past. However, it would be premature to conclude from this overall description of the situation that migration could stagnate from 1993 onwards.

The realization of the single European market is accelerating the international division of labour, the growing process of automation in high-wage countries, the use of pioneering technologies and the growing significance of the service sector. All of this is leading to a growing demand for qualified specialists in the EC countries. Increasing qualification requirements, an ageing potential workforce and lower numbers in younger age cohorts will intensify competition within the EC for scarce qualified personnel. Particularly as far as managers and specialist personnel are concerned, therefore, the labour market is increasingly tending to lose its conventional, nationally-based character. Employees, too, especially those who are still relatively young, are developing a greater interest in the opportunities provided by the larger, European labour market. Survey results suggest that young Europeans are prepared to be highly mobile.<sup>11</sup> The EC's migrant employees of the future, then, will increasingly consist of younger, well qualified people.

A survey of multinational companies conducted on behalf of the EC Commission confirmed the growing appreciation given to "Euro-executives".<sup>12</sup> These might be nationals of the home country who have experience of living and working abroad, or EC employees from elsewhere. Companies increasingly regard a stay in another country as a desirable career stage, and encourage it as such. Although their numbers are still small at present, a stratum of people is developing which is increasingly in demand among companies with global operations: these people are highly qualified, are flexible in terms of language, the tasks they can deal with and the cultural environment in which they operate, and are internationally mobile. Large corporations are not alone in

being affected by growing internationalization and globalization, for medium-sized companies are increasingly involved and indeed a good many small ones too.

Their highly qualified personnel and the permanent process of further occupational development are among the crucial competitive advantages which German companies have in the single European market. In that sense, it is up to their personnel departments to make best use of the recruitment potential available to them from elsewhere in Europe. Part of the growing requirement for qualified personnel can be met by educational institutions in other countries. Thus the companies operating in the single European market do indeed have an expanded labour market available to them. Yet that market, because of the lack of knowledge to date regarding the standards set by foreign educational institutions, still remains insufficiently transparent.<sup>13</sup>

One way in which uncertainty as to how to assess qualifications can be reduced is for standardized equivalents to be developed for presenting evidence of past occupational experience, and for comprehensive information on foreign educational institutions to be provided. What is called for here is primarily some action by the EC Commission to establish objective criteria which will provide the greatest possible transparency in assessing the qualification levels of individual employees.

Another way in which the lack of clarity arising from non-equivalence in quality standards can be overcome is for companies to take up direct contact with foreign educational institutions. That allows them to make their own additional judgments of foreign diplomas, degrees etc. which are supposed to be of a comparable standard. Such contacts may be established, for example, by specially developing practical programmes or projects for foreign students, by offering thesis subjects and by providing financial support for educational visits and exchange programmes.<sup>14</sup> This type of strategic cross-border orientation is now recognizable among the German companies surveyed, which are thus showing the way ahead for many other companies within the single European market when it comes to recruiting their personnel.

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<sup>11</sup> According to a survey conducted in five countries in 1989 (in West Germany, the United Kingdom, Spain, France, and Italy) approximately two-thirds of the young Europeans interviewed (all in education or training at the time) took a positive view of the single European market in that it would offer them a greater opportunity of working abroad (cf. Gildas Simon: Ein Standpunkt zur Mobilität der Bevölkerung in der EG: Tendenzen und Perspektiven im Vorfeld des Binnenmarktes, in: Soziales Europa 1990, No. 3, pp. 22-36.

<sup>12</sup> Commission of the European Communities: Dimension Européenne de la gestion des ressources humaines dans les firmes multinationales, Doc. No. V/1678/90-FR, Brussels 1990.

<sup>13</sup> On this, cf. Hans Jürgen Drumm: Personalwirtschaftliche Konsequenzen des europäischen Binnenmarktes, in: Zeitschrift für betriebswirtschaftliche Forschung, 1991, No. 9, p. 801.

<sup>14</sup> The EC Commission already promotes university and higher education exchange programmes to some extent (the Erasmus and Comett programmes).